

PUBLIC DISCLOSURE

July 18, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BROWN BROTHERS HARRIMAN & COMPANY

59 MILK STREET 6TH FLOOR
BOSTON, MA 02109

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **BROWN BROTHERS HARRIMAN & COMPANY** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **July 18, 2001**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

SCOPE OF EXAMINATION

Brown Brothers Harriman & Company is designated as a wholesale institution under the laws of the Commonwealth of Massachusetts and the Board of Governors of the Federal Reserve System. According to the regulation, the CRA performance of wholesale institutions is assessed under the community development test. The community development test considers the institution's community development activities, which are defined as community development lending, qualified investments and services with the primary purpose of community development. Performance of the institution is weighed in relation to the level of activity, innovativeness and complexity of activity and responsiveness to community. Brown Brothers Harriman & Company's level of community development activities was measured covering the time period of 1999, 2000 and year-to-date June 30, 2001. The institution's community development loan, investment and service files were reviewed during the examination.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Through its community development activities, Brown Brothers Harriman & Company has funded programs that provide affordable housing, job training, educational and health-related services within its assessment area. The institution exhibits an adequate level of responsiveness to the credit and community economic development needs of its assessment area.

DESCRIPTION OF INSTITUTION

Brown Brothers Harriman & Company (Brown Brothers) is designated as a wholesale institution under the Community Reinvestment Act regulations of the Commonwealth of Massachusetts. A wholesale institution is an institution which is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers as it's primary business. As of June 30, 2001, the institution had total assets of \$2,887,429,688.

Brown Brothers has served the credit needs of the greater Boston business community since 1844. This office provides a variety of financial services that are divided into three business lines: Global Securities Custody, Investment Advisory, and Banking.

Global Securities Custody services include safekeeping of securities and fund accounting for large global mutual funds. The majority of the functions of the firm's Boston office are centered in this line of business.

The Investment Advisory Group manages investment portfolios for Brown Brothers' clients which includes corporations, individuals, and families.

The Boston office of Brown Brothers provides commercial banking services to middle market companies in the Greater Boston business community.

In addition to its commercial banking business, the institution attempts to foster the business environment in Massachusetts and identify the banking needs of its local assessment area. Accordingly, the institution maintains an ongoing call program with area companies, and continues to be an active member of numerous business groups.

Brown Brothers continues to maintain a CRA Committee that consists of a Partner, Deputy Manager/CRA Officer, and the Administrative Officer. Meetings are held quarterly in order to discuss the institution's CRA activities and plans.

Brown Brothers was last examined for compliance with the Community Reinvestment Act by the Commonwealth of Massachusetts Division of Banks on September 22, 1998. That examination resulted in a rating of High Satisfactory.

ASSESSMENT AREA

Although Brown Brothers operates on a nationwide basis, it recognizes its special obligation of service to the community in which it is physically located. Understanding this obligation to the Commonwealth of Massachusetts, the bank has delineated the City of Boston and the cities and towns within Route 128 as its assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE

The bank's assessment area is located entirely within the Boston MSA. A wholesale institution may lend or invest outside of its assessment area once it has been determined that the bank is meeting the needs of its assessment area. It has been determined that a sufficient level of investment took place within the bank's assessment area to therefore warrant consideration of activity in other parts of the country.

LEVEL OF ACTIVITY

COMMUNITY DEVELOPMENT LOANS

While Brown Brothers does not make residential loans, in connection with its commercial lending to middle-market entities, it has made loans which meet the definition of qualified community development loans, fostering economic development within the assessment area.

Boston Community Capital: Brown Brothers provided a \$75,000 low interest rate loan to Boston Community Capital (formerly Boston Community Loan Fund, Inc.) for the purpose of raising monies to finance community based development projects. These projects increase or preserve the supply of low-income housing and provide jobs and services for low-income or disadvantaged people and/or areas.

COMMUNITY DEVELOPMENT INVESTMENTS

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. In recognition of the many legal limitations on bank investments, and the long-term nature and complexity of many community development investments, the CRA regulation allows some reasonable consideration for the entire bank portfolio of qualified investments; not just those made since the previous CRA examination.

Qualified Investments

The following are investments made by Brown Brothers during the period examined, which are considered to be qualified investments:

Boston Bank of Commerce: During 1999, Brown Brothers continued its investment in Boston Bank of Commerce (BBOC) via a \$50,000 community development certificate of deposit. As a Community Development Financial Institution (CDFI), Boston Bank of Commerce uses these funds to invest in and support development projects in and around the assessment area. The BBOC provides financing for community development, small businesses and residential mortgages, particularly in low and moderate-income urban neighborhoods of Boston.

Massachusetts Industrial Finance Agency: Brown Brothers is an active buyer of Massachusetts Industrial Finance Agency-sponsored industrial development revenue bonds. The institution's financial commitment amounted to \$28,469,497 of bond financing to companies nationwide. Of this amount, \$12,500,000 was invested in two tax-exempt bonds to local organizations within the assessment area whose purpose is to support community development. The current balance of these bonds, as of the examination date, is \$11,580,000. These organizations include Family Services of Greater Boston (Family Services), and William B. Rice Eventide Home, Inc. (WB Rice).

Family Services of Greater Boston is Boston's oldest non-profit human service corporation serving the neediest populations in Greater Boston. This organization provides comprehensive support that addresses a variety of human-service needs ranging from family-based services, health care services, prevention services, and elder services. Family Services of Greater Boston has purchased and will renovate the vacant four story property known as 23-43 Health Street in Jamaica Plain. The property will house a renovated 40,000 square foot facility designed to serve the local community and provide for program expansion. The agency's relocation is not only financially feasible, but it will create renewed vitality in the area through the transfer and creation of jobs and the removal of blight.

William B. Rice Eventide Home, Inc. (WB Rice) is a non-profit organization that owns and operates a 65-bed nursing home located in Quincy, Ma. WB Rice's membership is broken down to accommodate 50 percent of the facility to Medicaid patients.

Qualified Grants

Brown Brothers Harriman & Company has provided grants to organizations that provide education and job skills training, neighborhood revitalization, youth programs and health and human services for individuals in need. From 1999 through June 30, 2001, grants to qualifying organizations totaled \$133,719. Grants that qualify as community development include the following:

The United Way

Brown Brothers Harriman & Company made several donations to the United Way during the exam period. Targeted donations to qualified programs included the "Success By 6 Leadership Program." This program provides early intervention in the areas of health care, child care, and parenting education resources for at risk children.

Habitat for Humanity

This not for profit organization assists families in attaining home ownership through self-help and outside donations of cash, materials, and labor. Home construction is accomplished primarily through voluntary laborers who build houses that are then sold to selected low-income families.

COMMUNITY DEVELOPMENT SERVICES

Community development services are defined as activities in which the institution, or its staff, provides services or technical expertise with a primary purpose of community development. Brown Brothers has maintained an adequate level of involvement in community development service activities since the last examination. The firm and its employees contribute substantial amounts of time and money to various local groups and charitable institutions. Various organizations include the United Way, Rosie's Place, Habitat for Humanity, New England Home for Little Wanderers, and Boston Partners in Education. Many of the partners and senior officers at Brown Brothers commit time, energy, and expertise to various civic and charitable organizations and also serve as officers or board members of these organizations.

FAIR LENDING POLICIES AND PRACTICES

Due to the business that Brown Brothers engages in, the guidelines established by Regulatory Bulletin 2.3-101, the Division's Fair Lending Policy, are difficult to apply.

The institution offers diversity awareness seminars to all employees. This training is coordinated out of the firm's office in New York and each office is required to adhere to the training. As mentioned previously, partners and officers maintain ongoing relationships with a variety of community organizations throughout the assessment area.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

BROWN BROTHERS HARRIMAN & COMPANY

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JULY 18, 2001**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.